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8 Attorney for Debtor

9 UNITED STATES BANKRUPTCY COURT
10 NORTHERN DISTRICT OF CALIFORNIA

11 In Re

Case No. 11-13004

12 Sonoma Vineyards Acquisition, LLC

Chapter 11

13 Debtor.
14 _____/

15 STATUS CONFERENCE STATEMENT

16 In November of 2008, the debtor took over the Russian River Vineyards, a property
17 consisting of a restaurant and winery that had been closed for several months, through a lease
18 option agreement. In January of 2009, the debtor operated the restaurant intermittently as it
19 refurbished the property and developed its wine at a custom crush facility in Sebastopol while
20 seeking out investors to acquire the property and develop the business. In August of 2009,
21 within minutes of the debtor exercising its right to purchase, the investor who had agreed to
22 assist with the purchase and to provide working capital and grapes for wine, pulled out of the
23 transaction. Once the investor was gone the Exchange Bank followed by withdrawing its SBA
24 guaranteed loan. In October of 2009, the purchase was consummated through an SBA
25 guaranteed loan funded by the Redwood Credit Union. Underfunded and unable to either raise
26 additional working capital or borrow money, the debtor operated its business using the credit
27 extended by its vendors. When the vendors tired of waiting for payment, litigation was brought
28 that threatened to close the business. The chapter 11 was filed to give the debtor the
opportunity to restructure its debt.

The first year of operation gross sales were \$640,000, gross sales in the second year
were \$830,000, gross sale through September of 2011 were \$900,000 with projected gross sales

1 through the end of the end year in the range of 1.1 to 1.2 million dollars. With thirty full and
2 part time employees the debtor expects the growth to continue such that the debtor should be
3 profitable in 2012 and thereby in a position to fund a plan of reorganization.

4 The debtor, through Christopher O'Neill, its managing partner, has participated in the
5 Initial Debtor Interview and the Meeting of Creditors. The debtor has complied with the rules
6 established by the Office of the United States Trustee.

7 The debtor will have a plan on file by the end of the year; the debtor suggests a deadline
8 of March 15, 2011, to confirm its plan.

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10 Dated: October 1, 2011

11 Respectfully submitted,

12 */s/ Michael C. Fallon*

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14 Michael C. Fallon
15 Attorney for the Debtor
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